

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
) CASE NO. 13,802
APPLICATION OF YATES PETROLEUM)
CORPORATION FOR COMPULSORY POOLING,)
LEA COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

October 26th, 2006
Santa Fe, New Mexico

2006 NOV 9 AM 11 11

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, October 26th, 2006, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

STB 11/9/06

* * *

I N D E X

October 26th, 2006
 Examiner Hearing
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PAGE

REPORTER'S CERTIFICATE

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E X H I B I T S

| Applicant's | Identified | Admitted |
|--------------|------------|----------|
| Exhibit 1 | 4 | 8 |
| Attachment A | 5 | 8 |
| Attachment B | 5 | 8 |
| Attachment C | 5 | 8 |
| Attachment D | 6 | 8 |

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A P P E A R A N C E S

FOR THE DIVISION:

CHERYL O'CONNOR
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 1220 South St. Francis Drive
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FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR
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 P.O. Box 2208
 Santa Fe, New Mexico 87504-2208
 By: OCEAN MUNDS-DRY

* * *

STEVEN T. BRENNER, CCR
 (505) 989-9317

1 WHEREUPON, the following proceedings were had at
2 9:17 a.m.:

3 EXAMINER JONES: Okay, at this time let's call
4 Case Number 13,801, Application of Yates Petroleum
5 Corporation for compulsory pooling, Lea County, New Mexico.
6 Call for appearances.

7 MS. MUNDS-DRY: Good morning, Mr. Hearing
8 Examiner. Ocean Munds-Dry with Holland and Hart, here
9 representing Yates Petroleum Corporation this morning.

10 EXAMINER JONES: Any other appearances?
11 No witnesses?

12 MS. MUNDS-DRY: No witnesses, we're presenting
13 this case by affidavit, so it will be a nice short one for
14 the end of the day.

15 EXAMINER JONES: Okay. I think Yates is -- they
16 doesn't want to come to Santa Fe anymore. They used to
17 come up and send a lot of people, but I think like in the
18 last three years they haven't sent people. Okay.

19 MS. MUNDS-DRY: It's not that they don't like
20 you.

21 EXAMINER JONES: I hope not.

22 MS. MUNDS-DRY: Mr. Examiner, this -- Yates is
23 requesting an order pooling certain working interest owners
24 in the west half of Section 33, Township 9 South, Range 34
25 East, in Lea County, New Mexico. We request to submit this

1 case to you by the alternative procedure, by affidavit,
2 when all mineral interest owners in the proposed unit area
3 have voluntarily agreed to pool their interests, however
4 certain working interest owners have not been found.

5 If you'll please turn to Exhibit Number 1, which
6 is the affidavit of Robert Bullock, Mr. Bullock outlines
7 the efforts that Yates undertook to attempt to find the
8 mineral interest owners.

9 I think there's one part of this affidavit that's
10 unclear, and I just want to clarify for you before I read
11 the names to you, and on page 2 of the affidavit, in
12 paragraph, it indicates that Pearl Jo Ann Means -- that
13 Yates is requesting that her interest be pooled and that
14 she was an interest owner that cannot be found. She
15 actually was located, she does not oppose the Application.
16 So I just wanted to clarify that she's not one of those
17 lost interest owners, she's just not opposing the
18 Application.

19 However, as to the other interests, the interests
20 of J. David Amundson; Shirley Spaulding; Fred F. Keefer,
21 III; E.J. Schultz; and Janie Poteet -- I'm kind of guessing
22 on that one -- they have not been located by Yates.

23 Originally Yates had also advertised for the
24 Pfluger Children's Trust, and they have since been located
25 and an agreement has been reached with them, so we're not

1 seeking to pool their interest.

2 Attachment A is a plat of the subject land,
3 showing the proposed spacing unit and the well location.
4 Yates seeks to dedicate its Womack CGW Well Number 1 -- you
5 know how they like their country singers -- seeks to
6 dedicate that well to the proposed spacing unit, to be
7 drilled at a standard location 810 feet from the south line
8 and 660 feet from the west line to a depth of approximately
9 12,440 feet in that Section 33.

10 Attachment B is a list of all the interest owners
11 in the unit and their percentage ownership. The entire
12 spacing unit is composed of fee land.

13 Attachment C is the AFE that was sent to all
14 interest owners. The completed well costs for this well
15 are \$2,674,800. Yates does propose the COPAS costs,
16 overhead charges of \$6200 a month while drilling and \$620 a
17 month while producing.

18 Yates undertook several efforts to try to locate
19 the interest owners listed in the affidavit. They of
20 course searched Lea County records for any conveyances or
21 instruments affecting title, including in the probate
22 records. They performed an Internet search for each mineral
23 owner. They asked the other royalty owners in the spacing
24 unit whether they were familiar with any of the names or
25 knew of any of those interest owners, and they also

1 utilized national phone databases and phone CDs to try to
2 locate them, and they just could not be found.

3 Yates requests that these interests be pooled and
4 that Yates designated the operator of the well in the
5 project area.

6 Finally if you turn to Attachment D, it is our
7 affidavit indicating that notice was given in this case.
8 We both mailed, as you'll see from the post office
9 receipts, to the last known addresses of the individuals,
10 and we also submitted -- we also noticed it in the paper,
11 as required by Division Rules, and you'll see the very last
12 page is the affidavit of publication. You'll see on the
13 mail cards that Mr. Amundson, Ms. Poteet, Ms. Spaulding's
14 mail was returned, and other individuals, we did get some
15 green cards back. But like I said, we did notify them of
16 this Application, that their interest was going to be
17 pooled, and we received no response or objection to this
18 Application.

19 As Mr. Bullock testifies in his affidavit,
20 approval of this Application will avoid the drilling of
21 unnecessary wells, it will prevent waste and will protect
22 correlative rights and allow Yates and the other interest
23 owners in the west half of Section 33 an opportunity to
24 attain their just and fair share underlying the subject
25 lands.

1 And with that, we would ask that Exhibit 1 with
2 all of its attachments be admitted into evidence.

3 EXAMINER JONES: Okay, this is X-4, and not 4-X,
4 right, for these pool names?

5 MS. MUNDS-DRY: Let's see, what do we have here.

6 EXAMINER JONES: It's -- I think -- I -- anyway,
7 it's --

8 MS. MUNDS-DRY: Did we reverse them?

9 EXAMINER JONES: I think they were reversed,
10 according to my list, but --

11 MS. MUNDS-DRY: It should be the X-4, I apologize
12 for that.

13 EXAMINER JONES: X-4, okay.

14 MS. MUNDS-DRY: I had a dyslexic moment,
15 apparently.

16 EXAMINER JONES: Okay, that's all right. So
17 everything in this affidavit is consistent with the
18 Application documents themselves and --

19 MS. MUNDS-DRY: Yes, Mr. Examiner.

20 EXAMINER JONES: Okay. Let's see, so there's 320
21 acres and some 160 but not 40?

22 MS. MUNDS-DRY: Not 40.

23 EXAMINER JONES: Not 40 in this case. And got an
24 API number, a depth, and objective is surface to base of
25 Mississippian. And I think that's -- that's all we have.

1 MS. MUNDS-DRY: That's -- Nothing further for me.
2 Thank you very much.

3 EXAMINER JONES: Okay, we'll take Case -- I mean,
4 we'll admit Exhibit Number 1 and -- just 1?

5 MS. MUNDS-DRY: Exhibit 1, and then Attachments A
6 through D.

7 EXAMINER JONES: A through D.

8 MS. MUNDS-DRY: D.

9 EXAMINER JONES: D. And we'll take Case 13,802
10 under advisement.

11 MS. MUNDS-DRY: Thank you, Mr. Examiner.

12 EXAMINER JONES: And that being the last case on
13 this docket, Docket Number 35-06 is closed.

14 (Thereupon, these proceedings were concluded at
15 9:35 a.m.)

16 * * *

17
18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
20 the Examiner hearing of Case No. _____,
21 heard by me on _____,
22 _____, Examiner
23 Oil Conservation Division
24
25

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL October 27th, 2006.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2010